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IN THE

Supreme Court of the United States

OCTOBER TERM 1968

No. [redacted] 187

M. RUDOLPH PREUSS, Trustee in Bankruptcy of
CROSBY TELETRONICS CORP.,

Petitioner,

vs.

GENERAL ELECTRIC CO., INC.,

Respondent.

BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI

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Notes

1. References in the form (Appendix, p. 7a) are to the Appendix to the Petition.

2. References to plaintiff's exhibits are in the form (Exh. 1); to defendant's (Exh. A).

IN THE

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OCTOBER TERM 1968

No. 1525

M. RUDOLPH PREUSS, Trustee in Bankruptcy of CROSBY TELETRONICS CORP.,

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BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI

Respondent's Reasons for Denial of the Petition

Respondent respectfully submits that the petition for issuance of a writ of certiorari should be denied for each of these several reasons.

1.

This is a patent case of garden variety in which the conclusory issue decided below, with no issue of underlying fact, was whether the patentee's particular innovation was or was not "obvious" in the sense of Section 103 of the Patent Act.

Explicitly heeding the directive of this Court in *Graham et al.* v. *John Deere Co. of Kansas City et al.*, 383 U. S. 1, at 17 (1966) for the disposition of such an issue, and pursuing in turn each of the several factual inquiries there directed, the Court of Appeals found the Crosby patent invalid, reversing the decision of the District Court.* The appellate opinion has two main parts.

First, on the prescribed primary inquiries into the patent, the "scope and content of the prior art", the "difference" (i.e., the innovation) presented by the patented subject, and the "level of ordinary skill" in the art, the Court determined (a) that the patented subject would have been obvious to a man skilled in the art, i.e., to a radio engineer who had possession of the evidenced pre-existent knowledge, and (b) that it was of a "classically non-patentable" nature in that, in the words of this Court in a like case,** an old method was merely ". . . applied to a new and closely analogous subject matter, plainly indicated by the prior art . . ." (Appendix, pp. 1a-9a). The Court found in the pre-1953 scene "no technology gap", but rather only "a gap of interest and motivation", concerning compatible stereo (*id.*, p. 9a).

The second part of the appellate opinion is a careful analysis of the "problem" relevant to the patent and of the historical or circumstantial evidence on which the District Court had focused without having made the primary inquiries above. On this, the Court of Appeals concluded that the matters emphasized by the District Court

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* The District Court opinion had not observed that directive. It did not state what the patented subject is, and did not discuss or even identify the prior art evidence, or compare its content with the Crosby patented subject to ascertain the "difference" on which the issue centered.

** *Paramount Publix Corp.* v. *American Tri-Ergon Corp.*, 294 U. S. 464, 473 (1935).

"either support our determination or are simply inconclusive" (Appendix at pp. 6a-7a, and pp. 7a-14a).

This appellate review was entirely an analytical penetration of the evidence and a judgment on its probative force on the conclusory issue of obviousness. It involved no question of general interest or importance, and left none for review here.

2.

The single concrete matter as to which error is asserted does not go to any ground of the Court's determination of invalidity, but has to do only with one of the pieces of circumstantial evidence that were found to be inconclusive, namely, the evidence of "acclaim" of the Crosby system by engineers to whom Crosby described or demonstrated that system. The disposition of this evidentiary subject could create at most only a question of the probative force of that one piece of evidence, to which even the District Court had given only a qualified weight in petitioner's favor, as "some evidence" that Crosby's system "was not then obvious to them" (Appendix, p. 19a). The Court of Appeals thought that it and other circumstantial or historical evidence was relied upon too heavily (Appendix, pp. 13a-14a, under "IV"), and saw this and other such evidence as being "simply inconclusive" (*id.*, p. 7a). There is no call to review such a matter of no possible general interest or importance.

3.

Nothing calling for review by this Court is introduced by surrounding this simple evidentiary matter with eloquent generalities about the patent system, or by casting it, as petitioner does, as creating a question of whether evidence of "acclaim" is in the category of "secondary considerations", as set forth in *Graham* v. *Deere*, *supra*, 383 U. S. 1, at 17 (1966), or whether, because of its as-

serted bearing on the inquiry into the "level of ordinary skill in the pertinent art", such evidence is in the category of primary inquiries directed in that case (*id.*, at pp. 17 and 18). The categorization is of no consequence. The important thing is that the Court did make the inquiry concerning this "acclaim" evidence, on a full acceptance of the facts asserted, and that it judged its probative force. That probative force, or "weight", is intrinsic to the evidence itself. It was not made less because it was classed as a "secondary consideration" on the issue of obviousness, and it could not be made weightier by being taken up, as petitioner seeks, under a different heading in the *Graham* v. *John Deere* list of inquiries to be made in resolving that ultimate issue. Even if this "post-discovery acclaim" were to be categorized as being somehow related to the pre-discovery "level of ordinary skill" in the art, its only possible bearing would still be on the issue of obviousness, to which the Court related it directly. Running it through a dialectical intermediate step, as evidence of the "level of ordinary skill", could not affect the result. It would simply mean more words to express the weight or lack of weight given to the evidence.

4.

The asserted error of the Court of Appeals does not touch a decisive matter, and therefore by all the more creates no basis for review. It does not go at all to the primary and independent ground of the Court's decision, which was a determination that the Crosby patented subject was made obvious by *the evidenced prior art,* and was of a "classically nonpatentable" nature. No error is asserted respecting the grounds for that determination. The asserted error goes only to the "acclaim" evidence, which could never be of absolute and conclusive force; but at most, and not very rationally, could be of some persuasive force if the paramount inquiry into the prior art left the ultimate issue of obviousness in doubt. Even

if "acclaim" were given some weight (as in the District Court), the decision of the Court of Appeals could well still stand (and, as respondent believes, would stand) on its unassailed independent basis in the evidenced prior art and in the cited closely pertinent decision of this Court in *Paramount* v. *Tri-Ergon, supra.* Compare *Graham* v. *John Deere Co.,* 383 U. S. 1, at 35-36, where there were historical factors in favor of the patent, but they were not of sufficient force to "tip the scales" and outweigh the determination of obviousness based on the evidenced prior knowledge.

5.

Petitioner's second question is far out. It is self-evident that the Court of Appeals did not usurp the fact-finding function, did not re-try the case, and did not deny petitioner his right to a trial. There was no issue of material fact, no question of witness credibility, and no new evidence; but only a competent and thorough appellate review of the same evidence, on opposing contentions as to the ultimate conclusion to be drawn from the uncontested facts. The Court of Appeals did only what was necessary, and what this Court has done repeatedly in review of decisions on that same issue of obviousness. See *Graham* v. *Deere Co.,* 383 U. S. 1, at 22-26 and 30-36 (1966); *United States* v. *Adams,* 383 U. S. 39, at 45-52 (1966); *Paramount Publix Corp.* v. *American Tri-Ergon Corp.,* 294 U. S. 464, at 470-477 (1935); *Dow Chemical Co.* v. *Halliburton Oil Well Cementing Co.,* 324 U. S. 320, at 325-331 (1945); *DeForest Radio Co.* v. *General Electric Co.,* 283 U. S. 664, at 676-686 (1931), and the numerous other cases since *Hotchkiss* v. *Greenwood,* 11 How. 248 (1851), which are cited in those opinions and in which, with ever-present emphasis on their inquiry into the prior art, this Court has reassessed the probative force of the evidence on the issue of the inventive quality and patentability of a given innovation, an issue now formulated under the rubric of "obviousness".

6.

Recognizing that, on this petition, the immediate question is not one of the correctness of the disposition of the "acclaim" evidence by the Court of Appeals, we venture nevertheless to state some facts which show that it was the only disposition that could be considered rational.

The evidence of so-called "acclaim" consisted of the facts that Crosby published two technical papers, read before engineering societies, one in 1953 and another in 1958, describing his FM stereo system*, that he demonstrated it at his home to engineers of Sylvania and RCA-NBC in 1953-1954; and that later, in and after 1957 when it became a "promotion" on his part incident to the FCC request for proposals for a stereo radio system, he described his system in talks to local engineering societies, often on invitation, and also demonstrated it to engineer representatives of radio companies, including GE (Exhs. 29 and 30; R. 312-324; 336-349; 545-551; 635-638).

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*This "Crosby System" included features that have not survived, such as the use of an FM sub-carrier, much stressed by Crosby, and (in the earlier years) a so-called K-factor said to reduce noise. (See R. 309-311; 322-325; 457; 2330-31; 2416-17; Exhs. 1, 29, and H.) It used also the two old features whose conjoint use was asserted here as the "invention" viz. (a) the old full-fidelity FM stereo system with sub-carrier multiplexing, as described by Griese and Weyers and as known to Crosby from his work with Halstead just before 1953, and (b) the supplementing add-subtract matrix units which add compatibility and noise equalization, just as they did when added to the old AM stereo system as earlier proposed from abroad. It was never denied by respondent that this union of known things gives a better total performance, by addition of those two "matrix" effects while still retaining the full fidelity and the full separation of L and R that were present in the earlier known FM stereo system when not so supplemented; but also it was admitted by petitioner's witnesses that the Crosby novelty was simply the addition of the matrix units to that known FM stereo system and that all of the effects and advantages of those units were as they were before in AM stereo (R. 372; 453-73; 776; 1006-13; 1021-26; 1042-47; 2195-7; Exhs E1, F, and G; Appendix, pp. 8a-9a).

There is no evidence of the reaction or comment of the engineers themselves after they had seen or learned about the system, save in the case of the GE men of 1958 whose report on their visit to Crosby shows their interest in specific engineering aspects and also their criticism of some features (Exh. S, Trip Report of Dean and Mahuron). There is no evidence that any of these engineers considered or was at all concerned about the question of its "obviousness" or not; or that any of them had all of the prior knowledge of FM stereo and of the add-subtract matrix units that was evidenced here by prior patents and was judged by the Court of Appeals to be sufficient to make the Crosby novelty obvious and "classically nonpatentable".*

Even if such men had treated the system as an "invention", as none did, that circumstance would mean nothing unless it were shown that they knew the most relevant prior art and were cognizant of the legal standards of patentability. They were not a jury, informed by the evidence here and focused on the issue here in the light of instructions from a court as to the governing legal standards.

The circumstance of this interest in Crosby's system further removes it from any bearing on the issue. Most of

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* A good example of the lack of information about the prior art is present in the statement in 1966 by Mr. Kassens, an FCC engineer, in graceful tribute to Crosby on a radio panel discussion. (See Exh. 27 at its p. 3.) Mr. Kassens said *"If I am not mistaken,* it was he [Crosby] who came up with the idea of matrixing the left and right channel. This of course made a compatible system, which was our primary concern" (Appendix, p. 7a, footnote, emphasis added). But Mr. Kassens was indeed mistaken, as Crosby himself had been when he filed his patent application in 1953, in thinking that he had invented the matrix scheme for imparting compatibility to a stereo system (R. 355-57). It was not until 1957 that Crosby learned of, and acknowledged, the prior art Boelens patent which described the same matrixing for the same purpose (R. 356-57; 1418-1420; Exh. B at its p. 60-61; Appendix, p. 9a).

the interest was in and after 1957, when the recent advent of the first successful stereo disc records for phonographs had created the first widespread interest in stereo that led the FCC in 1959 to add stereo to its pending inquiry into possible new uses of multiplexing in FM broadcasting, resulting in the 1961 authorization of its use for stereo (Exh. 37 at its paragraphs 1, 2, 35, and 39 and R. 143-144; 389-391; 553-564; 675-676; 910-938; 1954-55; Exh. S, Dean paper of Sept. 10, 1958). Stereo radio was not then in use, so as to be a subject of everyday experience. Further, Crosby was a well-known figure, and deservedly so on his past accomplishments; and the fact that he was promoting a stereo multiplex system for radio, which indeed had merit, at a time when interest in stereo was new but growing, was enough in itself to arouse an interest in learning what he had. The lively question was what system should be recommended to the FCC, and anything so actively put forward under renowned auspices deserved a look.

The evidence in question thus shows an understandable interest in what Crosby was promoting; but nothing about that interest, or the circumstances in which it was shown, throws any light on the question at bar of whether or not the broader patented subject of Crosby, when compared with the prior knowledge here evidenced, would have been obvious in 1953 to a radio engineer who had that particular knowledge.

7.

Petitioner's "example" of asserted error below on a technical matter (Pet., pp. 16-18) is itself in error. Strictly speaking, this sniping needs no attention, but we can not leave it unanswered.

Petitioner's error is that it distorts the meaning of an out-of-context passage in the opinion below, and distorts the evidence concerning respondent's investigation in 1958 of the effect of transmitting a portion rather than all of the

audio frequencies of the "difference" signal in a stereo system.

There was never any lack of knowledge of the desirability of having the "full" (up to 15,000 cycles) range of audio frequencies for both stereo signals (R. 1052-53; 1186-90; 1201-05; 1435-40; Exh. 24, at its p. 436; Exh. A, item 5, item 7; Exh. G.) That gave *full fidelity,* a self-evident desideratum, as in the going monaural FM, and also gave the *equality* of the two audio ranges in stereo which, as an admittedly obvious matter (R. 956-957), is necessary to retain the "full separation" of L and R when the matrix units are added (R. 650-52; 789-91; Appendix, pp. 7a-8a). But, as the Court of Appeals recognized, there were competing considerations in real life, which Crosby ignored, and which left an unresolved question of the importance to listeners, of transmitting the full range of frequencies of the "difference" signal when the "sum" signal is of full range. If the impairment of quality were small, the competing desiderata could be met.

In 1958 therefore, before respondent had made its own invention which removed one major competing consideration by permitting the use of the full audio range on both stereo channels without ousting the desirable and profitable SCA service from FM,* respondent investigated that practical question by conducting listener tests with different reductions of the audio range of the "difference" signal. Although a half or more of the listeners could not detect any difference when the "difference" range was reduced, and a good stereo effect was always obtained, the fact that a material number of the listeners nevertheless could detect a difference led respondent's engineers to plump for use of the full range to give a service of optimum quality, such as the FCC quite surely would prescribe if it could be fitted in (R. 1940-48; 1972-74; Exh. 40).

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* On respondent's invention, see: R. 1951-55; 2014-15; Exh. 37 at its paragraphs 21-24, 29 and its appendix paragraph 3; Exh. U.

This does not mean that the full range is a "necessity", as petitioner says, but simply that it matters to some and therefore is desirable. The Court of Appeals was not at all in error in its treatment of this subject.

Respectfully submitted,

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